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EXTERNAL DEBT CRISIS AND DEVELOPMENT

Colombia* and China: revised draft resolution

Enhanced international cooperation towards a durable solution to the external debt problems of all developing countries

The General Assembly,

Reaffirming its resolutions 41/202 of 8 December 1986, 42/198 of 11 December 1987, 43/198 of 20 December 1988, 44/205 of 22 December 1989, S-18/3 of 1 May 1990, 45/199 of 21 December 1990, 45/214 of 21 December 1991, 46/148 and 46/151 of 18 December 1991, and 47/198 of 22 December 1992,

Noting that, owing to uneven developments in the context of the evolving international debt strategy, further progress and further concrete measures are essential towards the solution of the external debt problem of a large number of developing countries,

Welcoming the fact that some developing countries have made substantial progress towards resolving their debt difficulties,

Noting also with concern the continuing debt and debt-service problems of indebted developing countries, which adversely affect their development efforts and economic growth, and reiterating the need to address and solve those problems through effective debt-relief measures, bearing in mind, in this context, the special and critical situation of the most indebted developing countries of Africa,

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* On behalf of the States Members of the United Nations that are members of the Group of 77.

Noting further that a number of countries with economies in transition are experiencing debt-servicing difficulties, while recognizing that the Paris Club has adopted a flexible and innovative approach to deal with these problems and calling upon private creditors to adopt similar measures,

Stressing the importance of alleviating the onerous debt and debt-service burdens connected with all types of debt of all developing countries, taking into account the urgent need for an equitable and durable approach,

Emphasizing the importance for debtor developing countries of continuing to pursue and intensify their efforts in their economic reform, stabilization and structural adjustment programmes, in order to raise savings and investment, reduce inflation and improve economic efficiency, taking into account their individual characteristics and the vulnerability of the poorer strata of their populations,

Stressing the necessity of a supportive international economic environment as regards, inter alia, terms of trade, commodity prices, improved market access, trade practices, exchange rates and international interest rates and noting the continued need for resources for the implementation of international consensus agreements for the promotion of sustainable development,

Expressing its concern that, in many developing countries, the burden of debt and debt service constitute one of the major obstacles to the revitalization of growth and development, despite the often strenuous economic reforms of those countries,

Noting that those developing countries which have continued, at great cost, to meet their international debt and debt-service obligations in a timely fashion have done so despite severe external and domestic financial constraints,

1. Takes note of the Secretary-General's report concerning the external debt crisis and development; 1/

2. Takes note of the fact that some debtor developing countries with commercial external debt have been able to conclude agreements on commercial bank debt-service reduction and calls for the conclusion of similar agreements with other interested developing countries;

3. Calls upon the international community to explore ways for the implementation of additional measures, including further cancellation or reduction of debt and debt service related to official debt, and for more urgent actions with regard to, inter alia, the remaining commercial debt owed by the developing countries;

4. Welcomes the write-off by certain donors of a significant part of the bilateral official debt of the least developed countries, and urges those countries that have not done so to cancel or provide equivalent relief for the official development assistance debt of the least developed countries;

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5. Calls for the rapid and effective implementation of the measures taken to address the debt problem of certain middle-income African countries and invites all creditors to take appropriate measures for all middle-income debtor developing countries, taking into account the special and critical situation of those in Africa;

6. Calls upon the donor countries and multilateral financial institutions, within their prerogatives, to consider appropriate new measures for substantial relief of the debt of low-income countries;

7. Stresses the need for the broadest and most expeditious implementation of the recent initiatives and the need to continue to build upon them, and calls upon the developed countries to adopt and implement further debt-alleviating terms, including consideration of the Trinidad and Tobago terms as appropriate;

8. Recognizes the urgent need to continue to provide a social safety net to vulnerable groups most adversely affected by the implementation of economic reform programmes in the debtor countries, in particular low-income groups, in order to ensure social and political stability;

9. Emphasizes the importance for developing countries to continue their efforts to promote a favourable environment for attracting foreign investment, thereby promoting growth and sustainable development;

10. Stresses that concerted action by the international community, in particular by developed countries, to alleviate the debt burden of developing countries is vital to growth in the developing countries, which in turn would promote the growth of the world economy;

11. Also recognizes the need of debtor developing countries for a supportive international economic environment as regards, inter alia, terms of trade, commodity prices, improved market access and trade practices, and stresses the urgent need for a balanced and successful outcome of the Uruguay Round of multilateral trade negotiations, which would result in the liberalization and expansion of world trade to the benefit of all countries, in particular the developing countries;

12. Stresses the need, in addition to debt-relief measures that include debt and debt-service reduction, for new financial flows to debtor developing countries, and urges the creditor countries and the multilateral financial institutions to continue to extend concessional financial assistance, as appropriate, in order to support the implementation by the developing countries of their economic reforms, stabilization and structural adjustment programmes, so as to enable them to extricate themselves from the debt overhang and to assist them in achieving economic growth and development;

13. Urges the international community to consider wider application of innovative measures, such as debt-for-equity swaps, debt-for-nature swaps and debt-for-development swaps, without prejudice to more durable solutions such as debt cancellation;

14. Calls upon private creditors and, in particular, commercial banks to renew and expand initiatives and efforts to tackle the commercial debt problems of the least developed countries, and of low- and middle-income developing countries;

15. Urges the multilateral financial institutions to continue to provide support for debt and debt-service reduction packages with the necessary flexibility under their established guidelines and also urges that earnest attention be given to continuing to work towards a growth-oriented solution to the problems of developing countries that are having serious debt-servicing difficulties, including those countries whose debt is mainly to official creditors or to multilateral financial institutions;

16. Urges creditor countries, private banks and, within their prerogative, multilateral financial institutions to consider the extension of appropriate new financial support to developing countries, in particular the low-income countries with substantial debt burden that continue, at great cost, to service the debt and meet their international obligations;

17. Requests the Secretary-General to report to the General Assembly at its forty-ninth session on the implementation of the present resolution.